

**ALAMEDA ALLIANCE FOR HEALTH
FINANCE COMMITTEE
REGULAR MEETING**

**October 5, 2021
8:00 am – 9:00 am**

SUMMARY OF PROCEEDINGS

Meeting Conducted by Teleconference

Committee Members on Conference Call: Dr. Rollington Ferguson, Dr. Michael Marchiano, Gil Riojas
Committee Members absent: Nick Peraino

Board of Governor members on Conference Call: James Jackson

Alliance Staff on Conference Call: Scott Coffin, Tiffany Cheang, Richard Golfin III, Sasi Karaiyan, Shulin Lin, Dr. Steve O'Brien, Anastacia Swift, Carol van Oosterwijk, Ruth Watson, Matt Woodruff, Christine Corpus

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
CALL TO ORDER and INTRODUCTIONS			
Dr. Rollington Ferguson	Dr. Ferguson called the Finance Committee meeting to order at 8:00 am and Roll Call was conducted.		
CONSENT CALENDAR			
Dr. Rollington Ferguson	Dr. Ferguson presented the Consent Calendar. July 6, 2021, Finance Committee Minutes were approved at the Board of Governors meeting July 9, 2021 and not presented today.	There were no modifications to the Consent Calendar, and no items to approve.	
a.) CEO Update			
Scott Coffin	Scott Coffin provided the following information in accordance with Assembly Bill (AB) 361: Good morning to members of the Finance Committee.	Informational update to the Finance Committee Vote not required	

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	<p>The Board recognizes that there is a proclaimed state of emergency at both the State and the local Alameda County level, and there are recommended measures to promote social distancing in place. The Board shall therefore conduct its meetings via teleconference in accordance with AB 361 for the duration of the proclaimed state of emergency.</p> <p>In further compliance with AB361, the following statement will be added to agendas: “State or local officials continue to impose or recommend measures to promote social distancing.”</p> <p>Additionally, the public must be provided a reasonable time to provide comment during each agenda item, and as such, agendas will be revised to reflect the following suggested language: “DURING EACH AGENDA ITEM, YOU WILL BE PROVIDED A REASONABLE AMOUNT OF TIME TO PROVIDE PUBLIC COMMENT. THE BOARD WOULD APPRECIATE, HOWEVER, IF COMMUNICATIONS OF PUBLIC COMMENTS RELATED TO ITEMS ON THE AGENDA, OR ITEMS NOT ON THE AGENDA, ARE PROVIDED PRIOR TO THE COMMENCEMENT OF THE MEETING.”</p> <p>Scott Coffin then provided updates to the committee on the following:</p> <p>COVID-19 Vaccine Response – On September 21st, the Department of Health Care Services (DHCS) identified the potential available pool of incentive funding for COVID-19 vaccination outreach. The total incentive pool is approximately \$6.0 million. A second tranche for member incentives is expected to be announced by the DHCS in the coming weeks, and we forecast a potential pool of \$1.5 to \$2.0 million dollars. The outreach campaign started in October and lasts until February 28, 2022. Three payments will be made by the DHCS to the Alliance, the first in October, and two more payments, in January and March.</p> <p>Alameda Alliance submitted a proposal to DHCS on August 30th, partnering with Alameda County Public Health and clinic leaders on the vaccination outreach strategy and implementation.</p> <p>Approximately 80% of funding is based on outcome measures, driven through a combination of member and provider incentives</p>		

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	<p>Outreach includes member texting, social media, billboards, mobile vaccination clinics, and coordination with primary care physicians and faith-based organizations.</p> <p>The current vaccination rate for Alameda County is 91%, and the Alliance’s vaccination rate for Medi-Cal enrollees is 67%. Our goal is to bridge this gap and increase the rate of vaccines by at least 7-10%.</p> <p>CalAIM – The DHCS released the first phase of rates and incentives for the CalAIM initiatives that begin on January 1st, 2022. The two benefits include “enhanced care management” and major organ transplants, and the third is an optional service referred to as Community Supports, formerly referred to as In Lieu Of Services. In addition to base rates, the DHCS identified a total of \$14.7 million dollars as a potential incentive pool to be earned if certain measures are met. The incentive funding is tied to building capacity in our system to deliver these services, and the DHCS will be issuing guidance on the scoring system and payment intervals. The first payment from the DHCS, related to CalAIM incentives, will be paid by the DHCS by February 2022.</p> <p>Final Budget FY2022 – The final budget is being prepared for delivery to the Board in December, and the first quarter forecast is scheduled for December. The final budget will include several adjustments in our administrative expenses, related to the CalAIM operational readiness, forecasted revenues and expenses. The final budget will also include cost adjustments associated with the insourcing of mental health services, currently scheduled for October 2022. To avoid duplicative work, we will be combining the first quarter forecast into the final budget and delivering the entire package in December. The second quarter forecast would be in March 2022.</p> <p>Single Plan Model – The Alameda County Board of Supervisors approved a new Ordinance that establishes a single health plan to serve Medi-Cal managed care beneficiaries in Alameda County. If approved by the DHCS and DMHC, the transition to a “Single Plan Model” would occur on January 1, 2024. The Alliance has funded the impact assessment in fiscal year 2022 totaling \$90,000 with Pacific Health Consulting Group. The Alliance’s Board of Governors approved to file a letter of intent in April 2021, and the DHCS approved the letter of intent on August 31st. At this time there are no further costs identified in fiscal year 2022 related to the Single Plan Model. The DHCS has indicated that a new timeline will be issued in October or November.</p>		

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b.) Review and Approve Moss Adams Fiscal Year 2021 Audit Results			
Chris Pritchard Rianne Suico	<p>Following a comprehensive presentation explaining their audit process and results, Moss Adams issued the Alliance an Unmodified Opinion which is Combined financial statements are presented fairly and in accordance with generally accepted accounting principles. This is the highest level of assurance that can be issued from the audit firm.</p> <p>The composition of assets were confirmed (cash and cash equivalents, premiums receivable, investments, reinsurance, capital assets) and noted that the Financial Statements are free of material misstatements. In addition, we tested the investments to make sure that Management has recorded them at their fair market value as required by the Accounting Standards.</p> <p>Liabilities and net position balance were confirmed (accounts payable, accrued expenses, claims payable, payable to other governmental agencies and hospital fee, net position, etc.) and were consistent.</p> <p>The Accounting estimates are reasonable, no audit adjustments, no issues discussed prior to our retention as auditors, no disagreements with management and there were no adjustments or issues completing work. In final, there is no awareness of any instances of fraud or noncompliance with your applicable loss and regulations.</p>	<p>Informational update to the Finance Committee</p> <p>Vote not required</p>	
c.) Review and approve August 2021 Monthly Financial Statements			
Gil Riojas	<p><u>August 2021 Financial Statement Summary</u></p> <p>Enrollment: Current enrollment is 291,207 and continues to trend upward, Total enrollment has increased by 1,116 members from July 2021, and 2,653 members since June 2021. Consistent increases were primarily in the Child, Adult, and Optional Expansion categories of aid, and include slight increases in the Duals category of aid, with SPD and Group Care remaining relatively flat.</p>		

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	<p>Total Enrollment continues to increase month over month, however; as previously discussed, the rate of increase has fallen from a high of 4,140 members in August 2020.</p> <p>Net Income: For the month ending August 31, 2021, the Alliance reported a Net Income of \$1.5 million (versus budgeted Net Income of \$1.3 million). For the year-to-date, the Alliance recorded a Net Income of \$4.1 million versus a budgeted Net Income of \$2.6 million. The favorable variance is largely attributed to higher than anticipated Revenue and lower than anticipated Administrative Expense. These were somewhat offset by higher than anticipated Medical Expense.</p> <p>Revenue: For the month ending August 31, 2021, actual Revenue was \$98.1 million vs. our budgeted amount of \$97.4 million. Favorable Revenue variance is mainly due to Behavioral Health supplemental revenue.</p> <p>Medical Expense: Actual Medical Expenses for the month were \$91.4 million vs. our budgeted amount of \$89.8 million. For the year-to-date, actual Medical Expenses were \$181.2 million versus budgeted \$179.5 million. Drivers leading to the unfavorable variance can be seen on the tables on page #11, with the greatest variances coming from the pharmacy carve-out and Inpatient Hospital expenses.</p> <p>Medical Loss Ratio: Our MLR ratio for this month was reported at 93.2%. Year-to-date MLR was at 92.8% vs our annual budgeted percentage 91.6%.</p> <p>Administrative Expense: Actual Administrative Expenses for the month ending August 31, 2021 were \$5.2 million vs. our budgeted amount of \$6.3 million. Our Administrative Expense represents 5.3% of our Revenue for the month, and 5.1% of Net Revenue for year-to-date. Reasons for the favorable month-end variances, as well as the favorable year-to-date variances are outlined on page 13 of the presentation.</p> <p>Other Income / (Expense):</p>		

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	<p>As of August 31, 2021, our YTD interest income from investments was \$54,000.</p> <p>YTD claims interest expense is \$72,000.</p> <p>TangibleNet Equity (TNE): We reported a TNE of 564%, with an excess of \$172.4 million. This remains a healthy number in terms of our reserves.</p> <p>Cash and Cash Equivalents: We reported \$298.8 million in cash; \$155.9 million is uncommitted. Our current ratio is above the minimum required at 1.69 compared to regulatory minimum of 1.0.</p> <p>Capital Investments: No Capital Assets have been purchased year-to-date. Our annual capital budget is \$1.4 million.</p> <p>Question: Dr. Ferguson asked for clarification of the FY2021 Claims Liability trend. Gil Riojas provided an explanation attributing the impact of COVID to our Incurred But Not Paid estimate. He further explained how this information is used to monitor and adjust our IBNP calculations. We ultimately reduced the impact of COVID while conducting monthly retrospective reviews of IBNP estimates.</p> <p>Question: Dr. Ferguson asked for a follow-up about the Investment Strategy. Gil Riojas answered that this information is currently being gathered and will be presented at the November Finance Committee and Board of Governors meetings.</p>	<p><u>Motion to accept</u> <u>August 2021 Financial Statements</u></p> <p><u>Motion:</u> J. Jackson <u>Seconded:</u> Dr. Marchiano</p> <p><u>Motion Carried</u></p> <p>No opposed or abstained</p>	
ADJOURNMENT			
Dr. Rollington Ferguson	<p>Dr. Ferguson motioned to adjourn the meeting.</p> <p>The meeting adjourned at 8:52 am.</p>	<p><u>Motion to adjourn:</u> G. Riojas <u>Seconded:</u> J. Jackson</p> <p>No opposed or abstained.</p>	

Respectfully Submitted By:
Christine E. Corpus, Executive Assistant to CFO